

HEALTH QUARTERLY STATEMENT

AS OF March 31, 2004

OF THE CONDITION AND AFFAIRS OF THE

Preferred Health Partnership of Tennessee, Inc.

NAIC Group Code	1253 <small>(Current Period)</small>	1253 <small>(Prior Period)</small>	NAIC Company Code	95749	Employer's ID Number	62-1546662
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Date Incorporated or Organized	01/01/1994		Date Commenced Business	01/01/1994		
Statutory Home Office	1420 Centerpoint Blvd. <small>(Street and Number)</small>		Knoxville , TN 37932 <small>(City, or Town, State and Zip Code)</small>			
Main Administrative Office			1420 Centerpoint Blvd. <small>(Street and Number)</small>			
	Knoxville, TN 37932 <small>(City or Town, State and Zip Code)</small>		(865)670-7282 <small>(Area Code) (Telephone Number)</small>			
Mail Address	1420 Centerpoint Blvd. <small>(Street and Number or P.O. Box)</small>		Knoxville, TN 37932 <small>(City, or Town, State and Zip Code)</small>			
Primary Location of Books and Records			1420 Centerpoint Blvd. <small>(Street and Number)</small>			
	Knoxville, TN 37932 <small>(City, or Town, State and Zip Code)</small>		(865)670-7282 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address						
Statutory Statement Contact	Melissa R Anderson <small>(Name)</small>		(865)670-7282 <small>(Area Code)(Telephone Number)(Extension)</small>			
	manders1@covhlth.com <small>(E-Mail Address)</small>		(865)470-7461 <small>(Fax Number)</small>			
Policyowner Relations Contact			1420 Centerpoint Blvd. <small>(Street and Number)</small>			
	Knoxville, TN 37932 <small>(City, or Town, State and Zip Code)</small>		(865)470-7470 <small>(Area Code) (Telephone Number)(Extension)</small>			

OFFICERS

Lance K. Hunsinger, President

Jeffery S. Collake, Chief Financial Officer #

Jeffery S. Collake, Secretary

OTHERS

DIRECTORS OR TRUSTEES

Kenneth Truman Creed

Michael McKay Dudley

Randolph Murphree Lowry MD

Cletus Joseph McMahon Jr. MD

David A. Nowiski

Anthony L. Spezia

Dean Turner MD #

Thomas Rowe Bell

Daniel J. David MD

Marvin H. Eichorn

Kenneth Frederick Luckman MD

Michael Earl Mitchell MD

Francis H. Olmstead Jr.

Sandra Mathy #

State of Tennessee

County of Knox ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Lance K. Hunsinger	Jeffery S. Collake	Jeffery S. Collake
(Printed Name)	(Printed Name)	(Printed Name)
President	Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[] No[X]
day of , 2004	b. If no,	1
	1. State the amendment number	11/19/2004
	2. Date filed	9
	3. Number of pages attached	

(Notary Public Signature)

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1.	Bonds	48,502,274		48,502,274	47,651,741
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks				
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate:				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....6,796,796), cash equivalents (\$.....) and short-term investments \$.....)	6,796,796		6,796,796	5,759,406
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	55,299,070		55,299,070	53,411,147
11.	Investment income due and accrued	490,556		490,556	888,798
12.	Premiums and considerations:				
12.1	Uncollected premiums and agents' balances in the course of collection				
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers				
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans				
15.1	Current federal and foreign income tax recoverable and interest thereon				
15.2	Net deferred tax asset				
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software				
18.	Furniture and equipment, including health care delivery assets (\$.....)				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates	5,515,310	5,515,310		4,727,724
21.	Health care (\$.....) and other amounts receivable				
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	61,304,936	5,515,310	55,789,626	59,027,669
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	TOTALS (Lines 24 and 25)	61,304,936	5,515,310	55,789,626	59,027,669
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	A/R Risk Share				
2302.	0				
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	1,235,082		1,235,082	1,421,510
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	11,290		11,290	11,290
4.	Aggregate health policy reserves	10,826,641		10,826,641	10,826,641
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	11,737,305		11,737,305	11,498,675
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	131,411		131,411	
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)	14,082,990		14,082,990	14,082,990
22.	Total liabilities (Lines 1 to 21)	38,024,719		38,024,719	37,841,106
23.	Common capital stock	X X X	X X X	1,000	1,000
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	61,379,848	61,379,848
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	(43,615,941)	(40,194,285)
29.	Less treasury stock, at cost:				
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	17,764,907	21,186,563
31.	Total liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	55,789,626	59,027,669
DETAILS OF WRITE-INS					
2101.	Accrued Run-Out Costs	14,082,990		14,082,990	14,082,990
2102.	Grier Decree Accrual				
2103.	Reserve for Transplants				
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	14,082,990		14,082,990	14,082,990
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	396,520	399,444
2.	Net premium income (including \$..... non-health premium income)	X X X		141,606
3.	Change in unearned premium reserves and reserves for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	217,068	135
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	217,068	141,741
Hospital and Medical:				
9.	Hospital/medical benefits			2,409
10.	Other professional services		89,059	230
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs		(65)	(1,096,733)
14.	Aggregate write-ins for other hospital and medical		(107,137)	79,182
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		(18,143)	(1,014,912)
Less:				
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)		(18,143)	(1,014,912)
19.	Non-health claims			
20.	Claims adjustment expenses, including \$..... cost containment expenses			354,091
21.	General administrative expenses			1,015,384
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		(18,143)	354,563
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	235,211	(212,822)
25.	Net investment income earned		497,331	801,840
26.	Net realized capital gains (losses)		28,682	349,356
27.	Net investment gains or (losses) (Lines 25 plus 26)		526,013	1,151,196
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	761,224	938,374
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	761,224	938,374
DETAILS OF WRITE-INS				
0601.	Other Revenue	X X X		135
0602.	State Admin Revenue	X X X	217,068	
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	217,068	135
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Recoveries		(107,137)	(168,982)
1402.	Risk Share			248,164
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		(107,137)	79,182
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year To Date	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	22,279,577	17,929,640
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	761,224	3,214,571
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(5,275,894)	42,352
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	(4,514,670)	3,256,923
49.	Capital and surplus end of reporting period (Line 33 plus 48)	17,764,907	21,186,563
DETAILS OF WRITE-INS			
4701.	Miscellaneous		
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

NAIC Company Code95749

NAIC Group Code1253

Reporting Entity NamePreferred Health Partnership of Tennessee, Inc.

Domiciled inTennessee(State)

Mailing Address:1420 Centerpoint Blvd., Knoxville, TN 37932

Annual Statement Contact:Melissa R Anderson(865)670-7282-manders1@covhlth.com

(Name)Telephone No.E-mail Address

In the Matter of theQuarterlyStatement

(Annual/Quarterly)

Filing Required for the Period Ending on the

31day ofMarch, 2004

Mailing Date:11/19/2004

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AFFIDAVIT OF FILING
AND FINANCIAL
STATEMENT ATTESTATION

The officers of the above identified reporting entity, being duly sworn, each depose and say that on the mailing date above, a true and correct statement for the reporting period stated above and that the corresponding true and correct electronic file reflecting the statement for the above named reporting entity, has been sent to the National Association of Insurance Commissioners, according to their instructions. The statement and the corresponding electronic file are an exact and complete duplicate of the statement filed with the reporting entity’s domestic state, except as to schedules, exhibits and information required to be submitted only to the reporting entity’s domestic state.

Additionally, the officers of the above identified reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that for the reporting period stated above, all of the described assets in the above referenced statement were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as therein stated, and that the statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended on that date, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual, except to the extent that (1) state law may differ; or (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)

Lance K. Hunsinger

(Printed Name)

President

(Signature)

Jeffery S. Collake

(Printed Name)

Secretary

(Signature)

Jeffery S. Collake

(Printed Name)

Chief Financial Officer

(Signature)

(Printed Name)

Melissa Anderson

Subscribed and sworn to before me this

day of, 2004

(Notary Signature)

My Commission Expires:

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	186
REVENUES:			
1. TennCare Capitation	0	0	195,632
2. Investment	526,014	526,014	3,614,841
3. Other Revenue	0	0	135
State Admin Revenue	217,067	217,067	1,249,104
4. TOTAL REVENUES (Lines 1 to 3)	743,081	743,081	5,059,712
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	(17,895)
6. Fee-For-Service Physician Services	0	0	0
7. Inpatient Hospital Services	0	0	(31,017)
8. Outpatient Services	89,059	89,059	0
9. Emergency Room Services	0	0	0
10. Mental Health Services	0	0	0
11. Dental Services (Capitated & FFS)	0	0	0
12. Vision Services (Capitated , FFS & Opthamology)	0	0	0
13. Pharmacy Services (Capitated & FFS)	(65)	(65)	(1,287,199)
14. Home Health Services	0	0	0
15. Chiropractic Services	0	0	0
16. Radiology Services	0	0	0
17. Laboratory Services	0	0	0
18. Durable Medical Equipment Services	0	0	0
19. Transportation Services (Capitated)	0	0	0
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	0	0	0
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	0	0	0
Anesthesiology - FFS Hosp & Other	0	0	0
Gastroenterology	0	0	0
Preventive Medicine	0	0	0
Ped Emergency Medicine - FFS Hospital	0	0	0
IBNR	0	0	0
Risk Share	0	0	2,589,946
24. Subtotal (Lines 5 to 23)	88,994	88,994	1,253,835
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:	0		
26. Copayments	0	0	0
27. Subrogation	0	0	0
27a Recoveries	107,137	107,137	704,659
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	107,137	107,137	704,659
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	(18,143)	(18,143)	549,176

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration: 31. Compensation (Including Allocated Costs) 2,276,258 2,276,258 9,711,431 32. Marketing (Including Allocated Costs) 653 653 6,931 33. Premium Tax Expense 103,220 103,220 440,775 34. Occupancy, Depreciation and Amortization (Including Allocated Costs) 207,696 207,696 948,249 35. Other Administration (Provide detail)			
Printing 75,698 75,698 271,087 Rent/Utilities 0 0 0 Franchise, Excise & Property Taxes 0 0 0 Postage 83,219 83,219 153,139 Legal Fees 1,677 1,677 6,993 Liquidated Damages 300,640 300,640 1,203,280 Outside Services 100,265 100,265 329,948 Board & Committee Fees 0 0 0 Auditing, actuarial and other consulting services 0 0 0 Books & Subscriptions 361 361 3,328 Dues, Fees & Licenses 339 339 53,148 Education & Seminars 308 308 2,134 Meals & Entertainment 275 275 1,627 Office Supplies 42 42 1,622 Minor Equipment 0 0 22 Travel 1,139 1,139 6,068 Wellness Program 0 0 0 Leases & Rentals of equipment 0 0 0 Repairs/Maintenance Agreements 387 387 902 Telephone/Beepers/Cellular Phones 27 27 124 Temp/Contract Personnel 6,487 6,487 56,759 Provision for Loss Contracts 0 0 0 Risk Banding Reserve 0 0 (4,053,559) Program Run Out Expense 0 0 0 State Admin Revenue (4,943,855) (4,943,855) (17,059,131) Miscellaneous Expense 471 471 655,976 Total DIRECT Expenses (1,784,693) (1,784,693) (7,259,147)			
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities 131,144 131,144 568,844 Printing 7,847 7,847 141,915 Postage 87,228 87,228 413,518 Legal Fees 93,029 93,029 189,293 Outside Services 327,342 327,342 954,943 Board & Committee Fees 33,628 33,628 89,638 Survey Fees 40,869 40,869 65,330 Telephone/Beepers/Cellular Phones 59,532 59,532 240,337 Books & Subscriptions 19,576 19,576 82,708 Minor Equipment 47,316 47,316 43,690 Computer Supplies 0 0 289 Dues, Fees & Licenses 26,215 26,215 356,822 Education & Seminars 7,674 7,674 58,092 Meals & Entertainment 6,928 6,928 28,996 Office Supplies 23,048 23,048 129,773 Travel 17,997 17,997 78,995 Miscellaneous Expense 36,660 36,660 279,965 Franchise, Excise & Property Taxes & Sales/Use Tax 47,453 47,453 108,812 Insurance 86,990 86,990 387,966 Leases & Rentals of equipment 34,638 34,638 145,200 Repairs/Maintenance Agreements 90,144 90,144 538,554 Relocation Expense Total 0 0 13,692 Training and Orientation Total 0 0 0 Temp/Contract Personnel 150,070 150,070 873,620 Covenant Management Fees 409,363 409,363 1,468,156 Total ALLOCATED Expenses 1,784,692 1,784,692 7,259,148			
36. TOTAL ADMINISTRATION (Lines 31 to 36)	(0)	(0)	0
FIT & Excise Tax	0	0	1,295,965
37. Total Other Expenses:	0	0	1,295,965
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	(18,143)	(18,143)	1,845,141
39. NET INCOME (LOSS) (Line 4 less Line 38)	761,224	761,224	3,214,571

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	396,520	396,520	1,576,120
REVENUES:			
1. TennCare Capitation	51,902,508	51,902,508	241,142,939
2. Investment	526,484	526,484	3,617,182
3. Other Revenue	0	0	135
State Admin Revenue	217,067	217,067	1,249,104
IBNR / Capitation Revenue Receivable	25,334,472	25,334,472	18,842,234
Premium Tax	(6,871)	(6,871)	(322,160)
4. TOTAL REVENUES (Lines 1 to 3)	77,973,660	77,973,660	264,529,434
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	386,419	386,419	1,657,105
6. Fee-For-Service Physician Services	7,907,198	7,907,198	21,152,510
7. Inpatient Hospital Services	45,713,382	45,713,382	126,698,899
8. Outpatient Services	104,711	104,711	3,336,119
9. Emergency Room Services	4,350,066	4,350,066	11,477,633
10. Mental Health Services	16,108	16,108	18,409
11. Dental Services (Capitated & FFS)	(346)	(346)	12,498
12. Vision Services (Capitated , FFS & Opthamology)	217,621	217,621	823,292
13. Pharmacy Services (Capitated & FFS)	(3,582)	(3,582)	36,872,922
14. Home Health Services	115,643	115,643	439,080
15. Chiropractic Services	0	0	0
16. Radiology Services	47,886	47,886	156,046
17. Laboratory Services	10,459,488	10,459,488	24,737,079
18. Durable Medical Equipment Services	2,431,339	2,431,339	6,911,188
19. Transportation Services (Capitated)	1,261,147	1,261,147	4,500,642
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	1,480,860	1,480,860	6,972,921
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	412,998	412,998	1,206,908
Anesthesiology - FFS Hosp & Other	878,543	878,543	3,255,732
Gastroenterology	7,877	7,877	30,454
Preventive Medicine	748,109	748,109	3,149,797
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	45,289	45,289	284,075
IBNR	0	0	0
Risk Share	0	0	2,589,946
24. Subtotal (Lines 5 to 23)	76,580,756	76,580,756	256,283,255
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:			
26. Copayments	0	0	0
27. Subrogation	104,052	104,052	132,638
27a Recoveries	302,328	302,328	950,712
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	406,380	406,380	1,083,350
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	76,174,376	76,174,376	255,199,905

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	2,276,258	2,276,258	9,711,431
32. Marketing (Including Allocated Costs)	653	653	6,931
33. Premium Tax Expense	1,141,280	1,141,280	5,259,768
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	207,696	207,696	948,249
35. Other Administration (Provide detail)	0		
	0		
Printing	75,698	75,698	271,087
Rent/Utilities	0	0	0
Franchise, Excise & Property Taxes	0	0	0
Postage	83,219	83,219	153,139
Legal Fees	1,677	1,677	6,993
Liquidated Damages	300,640	300,640	1,203,280
Outside Services	100,265	100,265	329,948
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	361	361	3,328
Dues, Fees & Licenses	339	339	53,148
Education & Seminars	308	308	2,134
Meals & Entertainment	275	275	1,627
Office Supplies	42	42	1,622
Minor Equipment	0	0	22
Travel	1,139	1,139	6,068
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	387	387	902
Telephone/Beepers/Cellular Phones	27	27	124
Temp/Contract Personnel	6,487	6,487	56,759
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	(4,053,559)
Program Run Out Expense	0	0	0
State Admin	(4,943,855)	(4,943,855)	(17,059,131)
Miscellaneous Expense	473	473	655,976
Total DIRECT Expenses	(746,631)	(746,631)	(2,440,154)
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	131,144	131,144	568,844
Printing	7,847	7,847	141,915
Postage	87,228	87,228	413,518
Legal Fees	93,029	93,029	189,293
Outside Services	327,342	327,342	954,943
Board & Committee Fees	33,628	33,628	89,638
Survey Fees	40,869	40,869	65,330
Telephone/Beepers/Cellular Phones	59,532	59,532	240,337
Books & Subscriptions	19,576	19,576	82,708
Minor Equipment	47,316	47,316	43,690
Computer Supplies	0	0	289
Dues, Fees & Licenses	26,215	26,215	356,822
Education & Seminars	7,674	7,674	58,092
Meals & Entertainment	6,928	6,928	28,996
Office Supplies	23,048	23,048	129,773
Travel	17,997	17,997	78,995
Miscellaneous Expense	36,660	36,660	279,964
Franchise, Excise & Property Taxes & Sales/Use Tax	47,453	47,453	108,812
Insurance	86,990	86,990	387,966
Leases & Rentals of equipment	34,638	34,638	145,200
Repairs/Maintenance Agreements	90,144	90,144	538,554
Relocation Expense Total	0	0	13,692
Training and Orientation Total	0	0	0
Temp/Contract Personnel	150,070	150,070	873,620
Covenant Management Fees	409,363	409,363	1,468,156
Total ALLOCATED Expenses	1,784,691	1,784,691	7,259,147
36. TOTAL ADMINISTRATION (Lines 31 to 36)	1,038,060	1,038,060	4,818,993
FIT & Excise Tax	0	0	1,295,965
37. Total Other Expenses:	0	0	1,295,965
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	77,212,436	77,212,436	261,314,863
39. NET INCOME (LOSS) (Line 4 less Line 38)	761,224	761,224	3,214,571